

4 March 1964
DD/S&T 0635-64

MEMORANDUM FOR: Deputy Director (Support)
SUBJECT: Procurement Policy
REFERENCE: DD/S 64-1154, dated 27 February 1964, Same Subject

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1. This Directorate gave serious study to the implications of [REDACTED] "Procurement Policy," when it originally was called to our attention in December 1963. While we were not enthralled with the increased administrative complexities which were inherent in the proposed changes in procurement policy, we nevertheless approached the matter objectively from an Agency point of view. This included conversations by my representatives with you and a presentation to appropriate technical officers in this Directorate by the Chief, Procurement Division. We subsequently forwarded to you on 29 January 1964 a memorandum (DD/S&T 0310-64) which in essence gave a qualified concurrence to the proposed change in procurement policy.

2. I will stand behind the position taken by this Directorate in the memorandum of 29 January 1964 but I must, in good conscience, inform you that I am becoming increasingly concerned with the capability that currently exists to undertake official Agency contracting action on behalf of the operating components. Accordingly, I have reservations on any additional procedures which, by their very nature, may tend to decelerate the entire procurement machinery. By virtue of previous experience in private industry, I am aware that it takes more time and effort to negotiate contracts on a competitive bidding basis and most particularly to arrive at fair and equitable provisions concerning incentives to be included in procurement contracts.

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3. My concern over the adoption of more intricate and time-consuming administrative procedures is not based on speculative apprehension but on actual facts. For example, I am informed we have outstanding approximately forty contract procurement actions, with a dollar volume in excess of \$2 million, which to the best of our knowledge have not as yet been completely executed. Secondly, in compliance with "Fiscal Year 1964 Fourth Quarter Procurement," we are informing the Director of Logistics that it is our intent to present him between now and the end of the fourth quarter a minimum of eighty-five additional contract actions with a dollar volume of approximately \$9 million. Thirdly, I believe you will agree it is essential for sound management that we be kept periodically aware of the negotiation status of our contract actions being handled by the Procurement Division. This is obviously necessary so that we may monitor our workloads, make reasonable estimates as to progress in our research programs, insure that proper progress is made on projects which are complementary in nature and allow us to closely watch the commitment of our funds. However, I am informed that the Director of Logistics and the Chief of the Procurement Division have informed us that they simply cannot comply with this request because of insufficient available manpower. I cannot accept that position and I am having my Executive Officer take this matter up both with you and the Director of Logistics.

4. While the above recitation of concerns is sufficient enough to indicate the undertaking of a very cautious approach to more intricate contracting procedures, my apprehensions are even greater when we realize that in FY 1965 this Directorate anticipates placing an additional contract load on the Office of Logistics. Current funding programs for the Office of Research and Development, the Office of ELINT, and the Office of Special Activities will be translated into a greater contract negotiation volume in FY 1965.

5. I am the first to admit the necessity for sound management practices and the exercise of wise stewardship of public monies on the part of a government agency. However, I am even more aware of the necessity for this Agency to discharge in an efficient and expeditious fashion the statutory responsibilities assigned to it by the Congress of the United States and the directions given to it by the Executive Branch of the Government. I have always considered

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The element that has greatly contributed to the success of the CIA has been its quick reaction capability in the accomplishment of complex undertakings on behalf of the National Security. Quite frequently an essential part of these undertakings has necessitated the services of your contract procurement capability. I am willing to do anything reasonable within my power and to render any assistance to you so that you may help us but I must make you aware of the facts of the matter and my concerns.

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ALBERT D. WHEELON
Deputy Director
(Science and Technology)